

OGC Has Reviewed

OGC 79-10805

3 December 1979

CIA REGISTRY
FILE: Legal

MEMORANDUM FOR: Executive Secretary
Office of Legislative Counsel
Inspector General
Director, NFAC
Associate Deputy Director for Science &
Technology
Associate Deputy Director for Administration
Attn: Director of Security
Attn: Director of Personnel
Associate Deputy Director for Operations
Attn: C/IMS/FPLG

AT FROM:
Special Assistant to the General Counsel

SUBJECT: Space Research Corporation, et al.

1. The Department of Justice (DOJ) is supervising an investigation by the U.S. Attorney in Vermont of alleged violations of the Arms Export Control Act by certain organizations and individuals. In coordination with elements of the Directorate of Operations, I have already had extensive informal dealings with DOJ and the Office of the Secretary of Defense concerning this case. DOJ has now formally requested information concerning several persons and organizations (listed in the attachment) and also for comments concerning allegations by an attorney representing several of the potential defendants that his clients had "substantial contact" with the CIA during the time the alleged offenses were committed. In the event of a trial, it is highly probable the defense attorney will expose such alleged "connections" in an effort to show not only that the U.S. Government had knowledge of the alleged illegal activities, but to embarrass the Government regarding its relations with certain foreign governments.

2. This case, in essence, involves the alleged exportation by the Space Research Corporation, located in North Troy, Vermont, of approximately fifty thousand 155 mm artillery shells, two artillery control radar vans, eight 155 mm "Long Tom" artillery barrels, and related technical data, from the United States to Canada and then, by way of Antigua or Spain, to South Africa, in 1976 through 1978.

3. It is alleged by the attorney for Dr. Gerald V. Bull and Rogers L. Gregory that both men have had contacts with the CIA, and that some of these contacts were made during the period of the alleged illegal activities involved in this case. These contacts were supposedly with "high level officials and offices" within the CIA, and specifically the "Directorate of CIA," which we interpret to mean Directorate of Operations, and an individual named Richard Bissell. Bissell allegedly made contacts with the Department of State on behalf of Bull, Gregory and Space Research Corporation. It is also alleged that at the time the violations were occurring Intelligence Community agencies were aware of them.

4. The attorney for Messrs. Bull and Gregory also claims that he will be able to show at trial that during the period of these alleged violations, 1976-1978, Intelligence Community agencies were aware that Israel obtained artillery shells from Space Research Corporation and diverted these shells and related materials to South Africa. He states that this would be relevant to this case in that it would tend to cast doubt on the Government theory that his clients shipped shells to South Africa through Spain and Antigua. Moreover, he alleges that it is well known that the Agency was aware of and aided, by action and inaction, in the illegal exportation of goods to South Africa. He has referred to the book written by [redacted] as one "source" to substantiate his allegation on this point. Finally, it is asserted that Intelligence Community agencies have substantial information regarding the exportation of computer systems from the United States to Israel which were diverted to South Africa.

5. In addition to the allegations by this attorney, I am also attaching an article from the 5 August 1979 edition of The Washington Post, which is representative of several press accounts of an Agency connection with South African acquisition of U.S. weapons and equipment.

6. I request that you provide us, as expeditiously as possible, with your comments concerning the specific allegations made regarding the CIA, as well as any information you have regarding any current or past association or contact with the attached list of defendants and in the case of the listed business organizations, with any of their entities. Would you also please furnish us any information regarding your knowledge of the subject matter of this investigation.

7. While I feel it is likely that some of the allegations made fall into the realm of fantasy, we cannot deal with the Department of Justice until we receive your comments. Please be assured that I will furnish no information to DOJ without prior coordination with the originating office.

Please also note that at this time there is no question of furnishing any information to a court or prospective defendants. DOJ is only trying to ascertain what, if any, substance there is to these allegations and whether there are issues affecting foreign policy or intelligence sources and methods which must be considered prior to making a decision on whether to prosecute certain individuals.

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8. Thank you for your cooperation and assistance.



Attachments

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Smuggling Arms To South Africa

By David C. Martin
and John Walcott

AT ABOUT 8 o'clock on the evening of Aug. 25, 1977, the West German freighter Tugelaland eased alongside the wharf in the harbor of St. John's, the ramshackle capital of the tiny Caribbean resort island of Antigua. Dockworkers began filling her hold with metal containers labeled "steel forgings," which were to be shipped to Barbados, 250 miles to the south. Then there was an accident. Dockworker Mortley White remembers it:

"The crane on the dock, it collapsed, and the crane, the boom, everything went down the hold. The big, heavy hook fell down. . . one of the containers flew open. I see the same big bullet shells we unloaded for this company before."

At first, White did not make much of the accident. He knew the American company that was shipping the containers, Space Research Corp., tested artillery shells for the U.S. military in Antigua and Barbados, and he had become accustomed to unloading thousands of the shells at a time.

But the falling crane broke open something more than a container of 155-mm artillery shells. It revealed the first glimpse of what the U.S. Customs Service considers an intricate arms smuggling scheme in which an American-Canadian munitions firm with close Pentagon ties has illegally supplied the apartheid government of South Africa with special 155-mm shells that have 20 percent greater range than standard ammunition and no less accuracy.

The company, SRC, refuses to discuss the charges, which are contained in classified U.S. government documents. Those documents state that some 55,000 artillery shells, along with the expertise to duplicate them, were exported from the United States and Canada to South Africa in 1977 and 1978, thanks in part to the Pentagon, which unwittingly shipped at least 1,700 of the rounds to

And some U.S. officials fear that government involvement in the scheme may extend beyond unwitting complicity, that someone at the CIA or the Defense Department, eager to counter Cuban military involvement in Angola, may have joined with Space Research and concocted a plan to bypass the 16-year-old arms embargo against South Africa. As one high-ranking State Department official put it: "It is inconceivable to me that someone, either in the Pentagon or in Langley, did not at least know about this operation or, more likely, have a hand in it." At the Pentagon, an internal memo on the affair warned officials of "possible spill-over repercussions."

Over the years Space Research, whose headquarters straddle the border between Vermont and Quebec, had done a small but steady business with the Defense Department — \$9 million worth since 1968, including one contract to test eight-inch artillery shells at the company's Antigua test range.

Under the leadership of a ballistics genius named Gerald Bull, SRC had developed a worldwide reputation for extending the range of conventional artillery with no loss in accuracy. In 1972, Defense Secretary Melvin Laird praised Bull's "excellent technical capability and clear thinking"; a number of high-ranking officers, including an up-and-coming admiral named Stansfield Turner, visited SRC's North Troy, Vt., headquarters.

Following the 1973 Mideast war, the Pentagon secretly arranged for Israel to purchase from SRC some 50,000 rounds of specially shaped 175-mm shells that were capable of reaching downtown Damascus from hardened emplacements on the Golan Heights, says a former company official.

Had the Pentagon or the CIA made similar arrangements for the South Africans, despite the arms embargo, in an attempt to counter Cuba's growing military presence in southern Africa?

Former CIA officer John Stockwell, at one time head of the agency's Angola task force, has written that in October, 1975 "the South Africans requested, through the CIA station chief in Pretoria, ammunition for their 155-mm howitzers," apparently for use against Cuban troops in Angola. According to Stockwell, the request was endorsed by the chief of the CIA's Africa division but vehemently rejected by American diplomats who refused to countenance such a violation of the arms embargo. The scheme never got off the drawing board — officially, at least.

But a well-informed source says the CIA subsequently assigned a U.S. military man to help South Africa find the 155-mm shells they wanted to match the range of the Cubans' Soviet-made 122-mm long-barreled

cannon. According to this source, the military man found a supplier in Brussels where, coincidentally, Space Research had a subsidiary. Indeed, a former SRC official remembers that the firm was contacted through its Brussels sales office by South African government representatives.

From time to time, SRC itself has hinted of vague connections to U.S. intelligence. The arms smuggling scheme, in fact, bears a striking resemblance to the one conceived by the CIA. But Deputy CIA Director Frank Carlucci has personally assured the State Department that the "CIA does not have and never has had any connection with SRC," and there is nothing more than circumstantial evidence to contradict him.

The evidence against SRC, on the other hand, is substantial.

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It first came to light two years ago, during a casual conversation between an Antiguan dockworker and the crew of the freighter Tugelaland.

"We are on the deck," remembers long-shoreman Mottley White, "and the sailors, most of them is Portuguese fellow, are sitting on the boat and they ask us what kind of government did we have, was it black or white? We said: 'We have a black government.' And one of them, he shake his head and he say: 'It's a pity you have a black government encouraging shipping these things from here to South Africa.'"

Later that night, White returned to the Tugelaland to look for some keys he had lost. After he found them, he turned to go home and said to the ship's captain: "Say hello to your wife and family from Antigua."

"We won't be going home for more than six months," the sailor replied.

"You're not going home?" asked White.

"No," said the captain. "We're going to South Africa with this cargo."

If that was so, it apparently would have been the second time that year that 155-mm shells purportedly being shipped from Space Research headquarters on the U.S.-Canadian border to test ranges in Antigua or Barbados had actually been carried to South Africa aboard the Tugelaland (which, although registered in Hamburg, was a South African ship).

On March 14, 1977, the freighter Moura docked in St. John's, Antigua, and unloaded 20 containers of shells marked "rough steel forgings" for Space Research. The containers sat on the dock for almost two months under the watchful eyes of the black-bereted Antigua Defense Force — a 300-man security force armed, trained and paid by Space Re-

search. On June 15, 1977, the freighter Lindinger Coral deposited 16 more crates of "rough steel forgings."

When the Tugelaland pulled into St. John's nine days later, 36 crates containing 10,336 shells were waiting for her. According to customs declarations signed by SRC's shipping agent, the Tugelaland took aboard all 36 containers, as well as two radar vans, one gun assembly and other equipment, and set a course for Canada. But according to Lloyd's Shipping Intelligence, the Tugelaland next docked somewhere else — in Capetown, South Africa, on June 7.

The Tugelaland returned to Antigua to pick up an additional 872 tons of munitions in August, but this time the smashed container and the loose-lipped crew altered events. The Antigua Workers Union accused the government of Premier V.C. Bird of collaborating with Space Research to smuggle arms to South Africa. Except for a joint report by the BBC, Boston television station WGBH and the Canadian Broadcasting Company, though, the charges aroused little interest outside the eastern Caribbean.

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In official Washington, there seemed to be little inclination to get to the bottom of the case. That made U.S. diplomats in the Caribbean even more suspicious of American complicity in the scheme. "The boredom in Washington was thundering," one diplomat said. "Much too loud."

What efforts there were to investigate SRC were repeatedly frustrated by the Antiguan government, which evidently was more interested in the revenue SRC could provide than in finding out what the company actually was doing on the island. A team of television reporters was also chased away at gunpoint by the Antigua Defense Force, and U.S. Customs agent Gordon Monroe, who arrived on the island April 23, 1978 to begin a belated investigation, got what he called "a song and dance" from local authorities.

But Monroe saw enough to conclude in his report that SRC's Antigua operation was "certainly a cover for something," although he added that it was a "poorly prepared cover," noting that SRC's lone test gun on the island had not been fired in some time, despite a contract with the U.S. Army for ballistic testing.

The Customs Service finally began a full investigation of SRC, and on July 4, 1978, agent Barry Greiner reported that the company had made at least seven shipments of arms to South Africa through Antigua or Barbados, five in 1977 and two in 1978.

Customs investigators also uncovered evidence that in at least one instance the Pentagon inadvertently financed the first leg of the journey through the Caribbean to South Africa.

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part of the cable to the U.S. embassy in Barbados, Customs agents determined that "at least 1,700 155-mm projectiles" were loaded by truck from the Canadian side of the SRC plant to Port Canaveral, Fla., where they were loaded aboard Navy-chartered vessels and shipped to Antigua — all under a U.S. government bill of lading. The quantity was "far more than necessary for testing," the cable continued, "and the ultimate destination of the items is in question" — particularly since the only contract the Pentagon had with SRC for testing 155-mm shells designated White Sands, N.M., as the test site.

Other government documents show there was not much doubt about the "ultimate destination" of the munitions. One internal memo reported that the Customs investigation had concluded that "allegations of gun-running to South Africa by Space Research Corp. through its facilities on Barbados and Antigua . . . are in fact true."

The U.S. embassy in Barbados tried to warn the Antigua government that SRC was using the island to help cover an arms smuggling scheme.

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On the morning of July 12, 1978, John Eddy, deputy chief of the U.S. mission in Barbados, which serves the entire eastern Caribbean, met with Premier Bird and briefed him on what Customs had found. According to a State Department report, Bird stared out the window and said: "This is difficult. I will be in serious trouble."

At 3:30 that afternoon, as Eddy was waiting in the local airport for a flight to Barbados, the report continued, he was accosted by Warren Hart, a sometime FBI informant and former chauffeur at the U.S. Naval Air Station in Patuxent, Md. The 5-foot, 8-inch, 220-pound Hart said he knew about Eddy's private meeting that morning with Premier Bird and warned the diplomat to back off. He reinforced his case by displaying a .38-caliber revolver tucked in his belt.

Other peculiar things began to happen. An SRC employee, a Barbadian named Carleton Braithwaite, visited Eddy at the embassy and, according to State Department officials, he told Eddy about a tragic accident in Brussels in which an SRC employee had died after falling down a flight of stairs. No, said Braithwaite when Eddy asked if the man had a drinking problem: "People die in funny ways."

The investigation continued unabated when, two months later, a secret cable from then-U.S. Ambassador to Barbados Frank V. Ortiz reported that Barbados Prime Minister Henry (Tom) Adams had told him that Space Research was connected to U.S. intelligence.

iron-clad denial from the CIA's director, a different claim surfaced. This time it was in-
Chas Adams SRC verbos 02004456
CIA for refusing to go along with a CIA arms smuggling scheme, and that two members of the embassy staff were CIA agents. A month later, Adams repeated that charge to an astonished Cyrus Vance as the secretary of state was preparing to leave Barbados after an official visit.

This last claim directed at two innocent men was doomed to failure, although not before one of those falsely accused of CIA ties, Charles Bass, had committed suicide. Last Nov. 22, the governments of Antigua and Barbados finally ordered Space Research to leave the islands. In Rutland, Vt., a federal grand jury is investigating the case, and, according to one government memo, "It is expected that indictments of SRC officials for illegal arms sales will be handed down within a few months."

But if the indictments come they will be too late, at least to change matters in Pretoria. On April 28, South African Prime Minister Pieter W. Botha announced that his country had developed, "in record time," a new long-range 155-mm cannon and shell.

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